

AMENDED IN SENATE MAY 13, 2003

AMENDED IN SENATE APRIL 28, 2003

SENATE BILL

No. 14

Introduced by Senator Escutia

December 2, 2002

An act to add Chapter 10 (commencing with Section 16800) to Part 10 of the Education Code, relating to early childhood education, *school age education*, and after school facilities, and by providing the funds necessary therefor through an election for, and the ~~insurance~~ *issuance* and sale of, bonds of the State of California, and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 14, as amended, Escutia. Early Childhood Education Center and After School Facilities Bond Act of 2003.

Existing law establishes various programs for the provision of education and child care for children.

This bill would enact the Early Childhood Education Center and After School Facilities Bond Act of 2003, authorize of issuance of state general obligation bonds in an amount not to exceed a total of \$5,000,000,000 to provide grant and loan funding for developing and expanding safe and educationally appropriate facilities for early childhood education and after school care to take effect only if approved by the voters at the 2004 statewide general election.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 10 (commencing with Section ~~16800~~
~~16800~~) is added to Part 10 of the Education Code, to read:

CHAPTER 10. EARLY CHILDHOOD EDUCATION CENTER AND
AFTER SCHOOL FACILITIES BOND ACT OF 2003

Article 1. General Provisions

16800. (a) This chapter shall be known, and may be cited, as
the Early Childhood Education Center and After School Facilities
Bond Act of 2003.

(b) This chapter shall be administered by the board.

(c) The incorporation of, or reference to, any provision of
California statutory law in this chapter includes all acts
amendatory thereof, and supplementary thereto.

(d) It is the intent of the Legislature that funds made available
for the purposes of this chapter be utilized to establish, preserve,
and increase inclusive, safe, and educationally appropriate,
facilities for licensed early childhood education, including
preschools, and after school care.

16801. As used in this chapter, the following terms have the
following meanings:

(a) “Committee” means the Early Childhood Education
~~Center and After School Facilities Finance Committee of 2003~~
~~and After School Facilities Finance Committee~~ established
pursuant to Section 16826.

(b) “Fund” means the Early Childhood Education Center and
After School Facilities Fund of 2003 established pursuant to
Section 16802.

(c) “Board” means the State Allocation Board established
pursuant to Section 15490 of the Government Code.

(d) “School district” shall have the same meaning as in the
Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5
(commencing with Section 17078.10) of Part 10).

(e) “Early childhood education center” or “center” means a
licensed child care facility of any capacity, other than ~~family-a~~ a
~~family~~ day care home as described in Section 1596.78 of the Health
and Safety Code, in which less than 24-hour-per-day nonmedical

1 care and supervision and early education *or school-age education*
2 *programs* are provided to children in a group setting, and includes
3 preschool facilities.

4 (f) “Large family day care home” means a facility as described
5 in Section 1597.465 of the Health and Safety Code.

6 (g) “Small family day care home” means a facility as
7 described in Section 1597.44 of the Health and Safety Code.

8 16802. (a) Notwithstanding Section 8277.5, the proceeds of
9 bonds issued and sold pursuant to this chapter shall be deposited
10 in the Early Childhood Education Center and After School
11 Facilities Fund of 2003, which is hereby established, and shall be
12 allocated by the board for the purposes of this chapter.

13 (b) Notwithstanding Section 13340 of the Government Code,
14 all moneys deposited in the fund, except as provided in Section
15 16835, are hereby continuously appropriated to the board and are
16 available for grants and loans as set forth in this chapter.

17 16803. The board shall adopt rules, regulations, and policies
18 for the implementation of this chapter. The initial regulations
19 adopted pursuant to this chapter shall be adopted as emergency
20 regulations and the circumstances related to the initial adoption are
21 hereby deemed to constitute an emergency for this purpose.

22
23 Article 2. Early Childhood Education Center and After School
24 Facilities Grant Program
25

26 16804. As used in this article, the following terms have the
27 following meanings:

28 (a) “Preliminary apportionment” means an apportionment
29 made for eligible applicants under this article in advance of full
30 compliance with all of the application requirements otherwise
31 required for release of funds pursuant to this article. The process
32 for making preliminary apportionments under this article shall be
33 substantially identical to the process established for critically
34 overcrowded schools pursuant to Sections 17078.22 to 17078.30,
35 inclusive.

36 (b) “Final apportionment” has the same meaning as
37 “apportionment” as set forth in subdivision (a) of Section
38 17070.15.

39 16805. (a) There is hereby established the Early Childhood
40 Education Center and After School Facilities Grant Account

1 within the fund established pursuant to Section 16802. The
2 proceeds of bonds as set forth in subdivision (a) of Section 16822
3 shall be deposited into the Early Childhood Education Center and
4 After School Facilities Grant Account for the purposes of this
5 article.

6 (b) Notwithstanding Section 13340 of the Government Code,
7 funds deposited into the Early Childhood Education Center and
8 After School Facilities Grant Account are hereby continuously
9 appropriated for the purposes of this article.

10 (c) From funds available in the account, the board may
11 preliminarily apportion, for grants for the development,
12 expansion, or improvement of early childhood education centers
13 and after school facilities pursuant to this article, an annual total
14 amount of not more than nine hundred fifty million dollars
15 (\$950,000,000) per fiscal year.

16 16806. (a) The initial preliminary applications for projects to
17 be funded pursuant to this article shall be submitted by May 1,
18 2005. Thereafter, the board may establish subsequent application
19 periods as needed.

20 (b) Preliminary applications may be submitted by eligible
21 applicants as set forth in this article by any of the following:

22 (1) A school district, for early childhood education centers and
23 after school facilities that are to be physically located within the
24 attendance boundaries of the school district.

25 (2) A charter school, for early childhood education centers and
26 after school facilities that are to be physically located on the same
27 site as the charter school campus or within a one-quarter mile
28 radius of the charter school campus.

29 (3) A governmental agency, other than a school district, or a
30 nonprofit organization that demonstrates to the board that it has
31 sufficient experience to operate a licensed early childhood
32 education center or after school care program.

33 16807. (a) Grant funds authorized pursuant to this article
34 shall be used by the recipient for new construction or for expansion
35 of safe and educationally appropriate early childhood education
36 centers or after school facilities. Eligible projects under this article
37 may include, but are not limited to, costs related to site acquisition
38 and development, *predevelopment*, purchasing and retrofitting an
39 existing building or other facility, and costs related to increasing
40 the capacity of a facility to serve children with disabilities.



(b) To be funded under this article, a project shall satisfy the same requirements as a public school project regarding construction, plan approvals, toxic substance review, site selection, and site approval of school facilities serving pupils in any combination of kindergarten to grade 12, inclusive. ~~The board shall by regulation set forth the manner in which these various requirements apply to specific types of projects funded pursuant to this article.~~

(c) Grant funds authorized under this article may not be used for the purpose of any ongoing operating expenses for the facility, its personnel, supplies, or other operations.

16808. (a) A grant made under this article shall be seven thousand dollars (\$7,000) times the full-time, or full-time equivalent, child capacity of the proposed facility when the project is completed.

(b) In addition to the amount provided in subdivision (a), the board shall provide funding assistance for site development and acquisition equal to two-thirds of the cost of site development to the applicant, plus the lesser of two-thirds of the site cost to the applicant or two-thirds of the appraised value of the site at the time the final application is submitted, whichever amount is less.

(c) Each grant applicant shall provide one dollar (\$1) of matching funds for every two dollars (\$2) of grant funds provided under this article.

(d) The applicant shall have up to four years to complete the application and obtain release of funds under this article. The preliminary apportionment shall reserve the balance of the funds sought by an applicant until it is released for use in the project.

16809. The board shall approve projects and make preliminary apportionments pursuant to this article, in accordance with all of the following criteria:

(a) First priority shall be given to those projects that satisfy both of the following criteria:

(1) The project will primarily serve children who would otherwise lack neighborhood access to a licensed, high quality early childhood education center or an age-appropriate after school care facility.

(2) The project will serve the highest percentages of any combination of children who are or will be enrolled in K-12 schools that scored in the lowest three deciles of the most recent

1 Academic Performance Index or children of lower income
2 families. For purposes of this section, “lower income” shall have
3 the same meaning as “income eligible” as set forth in Section
4 8263.1.

5 (b) If funds remain after full preliminary apportionments have
6 been made for projects set forth in subdivision (a), preliminary
7 apportionments shall be made for all remaining projects under this
8 article according to priorities that will primarily serve children
9 who would otherwise lack neighborhood access to a licensed, high
10 quality early childhood education center or an age-appropriate
11 after school care facility.

12 (c) In order to qualify as a project that will primarily serve
13 children who would otherwise lack neighborhood access to a
14 licensed, high quality early childhood education center or an
15 age-appropriate after school care facility for purposes of this
16 section, a project shall, among other things, be located in an area
17 where there exists ~~a~~ *an unmet* demand for licensed, high quality
18 early childhood education or age-appropriate after school
19 programs.

20 (d) The board shall adopt regulations establishing the manner
21 in which an applicant may satisfy the requirements of this section.

22 16810. In ensuring that the requirements of Section 16809 are
23 ~~satisfied, the board shall in approving applications pursuant to this~~
24 ~~article consider the geographic location of the project and consider~~
25 ~~whether the project is or will be located in an urban, rural, or~~
26 ~~suburban region.~~ *satisfied, the board shall by regulation, ensure*
27 *that within each priority category set forth in Section 16809, the*
28 *applications approved pursuant to this article are fairly*
29 *representative of the various geographical regions of the state and*
30 *fairly representative of urban, rural, and suburban regions of the*
31 *state.*

32 16811. The board shall adopt regulations establishing
33 uniform terms and conditions that apply equally to all projects for
34 funding under this article including, but not limited to, all of the
35 following:

36 (a) A process for determining the manner in which the
37 applicant will pay its local matching share, including the method
38 for determining any lease payments to be made in lieu of the local
39 matching share.

(b) Adequate security provisions, including, but not limited to, at least one of the following:

(1) A requirement that, if the applicant retains title to the project facilities funded under this article, the facilities shall be used for the purposes of this article for a period of at least 25 years, together with the condition that if the applicant ceases to operate an early childhood education program or after school program at the funded facilities, the board may make the facilities available under similar terms to another applicant that will provide those services for the balance of the minimum time period.

(2) A requirement that title to project facilities be held by the county office of education or other county governmental organization that has the capacity to administer facility financing and development activities, in trust for the state.

(A) If title is held by the county office of education or other county governmental organization, in trust, pursuant to this subparagraph, the applicant's matching share requirement under this article may be collected in the form of lease payments.

(B) If title is held by the county office of education or other county governmental organization, in trust, pursuant to this subparagraph, the county governmental agency shall permit continued use of the facility for early childhood education or after school services for as long as it is needed for those purposes, but in no event for less than 25 years.

(c) A procedure whereby a person or agency who provides a substantial contribution that is applied to costs of the project in excess of the state share and the local matching share may be granted a security interest to be satisfied from the proceeds, if any, realized if the property is ultimately disposed of. Security interests held by the state pursuant to subdivision (b) of this section may be subordinated to other security interests.

(d) A process for release of funds for approved projects pursuant to this article. The process shall ensure that the costs of the project are reasonable and that the matching funds necessary to complete the project will be provided.

Article 3. Early Childhood Education Center and After School
Facilities Loan Program

16812. (a) The Early Childhood Education Center and After School Facilities Loan Account is hereby established within the fund established pursuant to Section 16802. The proceeds of bonds as set forth in subdivision (b) of Section 16822, if approved by the voters, shall be deposited into the Early Childhood Education Center and After School Facilities Loan Account for the purposes of this article.

(b) Notwithstanding Section 13340 of the Government Code, funds deposited into the Early Childhood Education Center and After School Facilities Loan Account are hereby continuously appropriated for the purposes of this article.

(c) Moneys deposited in the Early Childhood Education Center and After School Facilities Loan Account shall be used for the purpose of making loans, directly or through a public or private entity approved by the board, to sole proprietorships, partnerships, proprietary and nonprofit corporations, and local public agencies, for the expansion or improvement of ~~licensed child care homes~~ *eligible licensed child care facilities* pursuant to this article. These loans shall be made available at below market interest, as low as 0 percent, and shall be made in accordance with the priorities established by the board as set forth in this article.

(d) From funds available in the Early Childhood Education Center and After School Facilities Loan Account, the board may apportion, for loans pursuant to this article, an annual total of no more than fifty million dollars (\$50,000,000) per fiscal year.

16813. (a) Eligible applicants for loans pursuant to this article include, but are not be limited to, sole proprietorships, partnerships, proprietary and nonprofit corporations that are responsible for contracting with or providing licensed child care and development services.

(b) Eligible facilities include early childhood education centers, licensed large family day care homes and licensed small family day care homes.

16814. (a) Loan funds authorized pursuant to this article shall be used by the recipient for new construction or for expansion of safe and educationally appropriate early childhood education

1 centers or after school facilities. Eligible costs under this article
2 include, but are not limited to, the following:

3 (1) Costs of predevelopment services and technical assistance.

4 (2) Costs to obtain, maintain, renew, expand, or revise a child
5 care license.

6 (3) Costs to make necessary health and safety improvements.

7 (4) Costs to make seismic improvements.

8 (5) Costs to provide access and create inclusive environments
9 for disabled children.

10 (6) Facilities costs necessary to expand upon, improve, or
11 preserve existing child care operations.

12 (7) Costs for the purchase or installation, or both, of fixtures,
13 furnishings, and equipment required to make the facility fully
14 operable.

15 (8) Costs to expand the ability to serve underserved children
16 and families, including, but not limited to, families with parents
17 working nontraditional hours and families needing care for infants
18 and toddlers.

19 (b) Loan funds authorized under this article may not be used for
20 the purpose of ongoing operating expenses for the facility, its
21 personnel, supplies, or other operations.

22 *(c) Loan funds authorized under this article may be used for*
23 *any facility that after completion of the project will also be used*
24 *as a private residence if the facilities are sufficiently distinct to*
25 *enable the board to ensure that the property interest of the state in*
26 *the facilities is secure and the purpose for which the loan is granted*
27 *will be fulfilled for the time period set forth in Section 16819.*

28 16815. Each loan applicant shall provide one dollar (\$1) of
29 matching funds for every three dollars (\$3) of loan funds provided
30 under this article.

31 16816. (a) The board shall apportion loan funds under this
32 article pursuant to program priorities that it shall establish by
33 regulation. These priorities shall include, but are not limited to, the
34 following:

35 (1) Geographic priorities based on the extent of need for
36 licensed, high quality child care in different parts of the state.

37 (2) Income priorities, which shall include families
38 transitioning to work or other lower income families. For purposes
39 of this section, “lower income” shall have the same meaning as
40 “income eligible” as set forth in Section 8263.1.

(3) Performance priorities, which shall include children who are or will be enrolled, in the highest percentages, in K-12 schools scoring in the lowest three deciles of the Academic Performance Index.

(b) The program priorities established by the board shall reflect input from representatives of diverse sectors of the child care and development field, financial institutions, and the State Department of Social Services for purposes of identifying communities with high percentages of recipients of aid under Chapter 3 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code, or any successor program, who need child care to meet work requirements.

(c) If funds are insufficient to fully fund all loan applications, the board shall apportion first to eligible projects in either licensed large family day care homes or licensed small family day care homes that will serve children who would otherwise lack neighborhood access to a licensed, high quality early childhood education center or after school facility.

16817. (a) The board shall administer the Early Childhood Education Center and After School Facilities Loan Account. The board may administer the loans directly or through contracts with one or more public entities or private nonprofit entities. If the board determines that a public entity or a private nonprofit entity is capable of making child care and development loans, the board may delegate the authority to review and approve loans made from the Early Childhood Education Center and After School Facilities Loan Account to the public entity or private nonprofit entity.

(b) In addition to direct applicant loans set forth in Section 16812, the board may provide microenterprise loans to lenders who may relend the funds for purposes of this article.

16818. (a) The board shall adopt regulations establishing forms, policies, and procedures for implementing and managing the Early Childhood Education Center and After School Facilities Loan Account and making the loans authorized hereunder, including, but not limited to, all of the following:

(1) Uniform provisions setting forth a minimum credit rating for eligible applicants and the maximum term of the loan, not to exceed 10 years for large family day care homes and small family day care homes, and not to exceed 30 years for early childhood education centers.

1 (2) Loan provisions regarding payment, late charges, and other
2 terms, which may vary based on the ability of the borrower to
3 repay the loan, but which shall be reasonable and designed to
4 obtain prompt and full repayment of the loan by the borrower
5 while not burdening the child care operation with costs it cannot
6 feasibly bear.

7 (3) (A) A requirement that an applicant provide the board with
8 a deed of trust in the property or some other reasonably available
9 collateral, which may include personal guarantees of shareholders
10 and partners, to ensure that the loan will be repaid.

11 (B) Security interests held by the state pursuant to
12 subparagraph (A) of this paragraph may be subordinated to other
13 security interests.

14 (b) The board may permit a loan made under this article to be
15 assumed by an otherwise qualified borrower who agrees to
16 continue to provide child care for the balance of the original term
17 of the loan.

18 16819. (a) A facility or any part thereof acquired,
19 constructed, remodeled, or rehabilitated with loans received
20 pursuant to this article shall be dedicated to early childhood
21 facilities, after school facilities, or *for* both purposes, for a period
22 equal to the term of the loan under this article.

23 (b) If the facility or any part thereof acquired, constructed,
24 remodeled, or rehabilitated with loans pursuant to this article
25 ceases to be used for ~~early childhood facilities, after school~~
26 ~~facilities, or both~~ *the purposes for which the loan was granted as*
27 *set forth in subdivision (a)*, prior to the expiration of the minimum
28 time period specified in subdivision (a), the board shall be entitled
29 to recover from the loan recipient the outstanding balance of the
30 loan.

31 (c) Notwithstanding subdivision (f) of Section 16724 of the
32 Government Code, any money recovered pursuant to subdivision
33 (b) shall be deposited in the Early Childhood Education Center and
34 After School Facilities Loan Account and shall be available for the
35 purpose of awarding loans for other projects under this article.

36 16820. The board shall annually report to the Legislature
37 regarding the implementation of this article, including, but not
38 limited to, the performance, effectiveness, default rate, and fiscal
39 standing of, the program administered under this article.

40

Article 4. Fiscal Provisions

16821. Bonds in the total amount not to exceed a total of five billion dollars (\$5,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 16833, or so much thereof as is necessary, may be issued and sold for deposit in the fund established pursuant to Section 16802, to be used in accordance with, and for carrying out the purposes expressed in this chapter, including all acts amendatory ~~therefore~~ *thereof* and supplementary thereto, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.

16822. (a) Ninety-five percent of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Early Childhood Education Center and After School Facilities Grant Account, which is established pursuant to Section 16805.

(b) Five percent of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Early Childhood Education Center and After School Facilities Loan Account, which is established pursuant to Section 16812.

16823. All moneys deposited in the accounts set forth in Section 16822 shall be available and, notwithstanding any other provision of law to the contrary, are hereby appropriated to provide funds for the development of safe and high quality facilities for the provision of licensed early childhood education and after school care as set forth in this chapter.

16824. The Legislature may amend this article to adjust the funding amounts specified in Section 16822 only by either of the following methods:

(a) By a statute, passed in each house of the Legislature by rollcall vote entered in the respective journals, by not less than two-thirds of the membership in each house concurring, if the statute is consistent with, and furthers the purposes of, this chapter.

(b) By a statute that becomes effective only when approved by the voters.

(c) Amendments pursuant to this section may adjust the amounts to be deposited to, and issued from, each of the two accounts set forth in Section 16822, but may not increase or decrease the total amount to be issued or expended pursuant to this chapter.

16825. The bonds authorized pursuant to this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except Section 16727 of the Government Code to the extent that it may be inconsistent with this chapter.

16826. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Early Childhood Education Center and After School Facilities Finance Committee ~~of 2003~~ is hereby established.

(b) For purposes of this chapter, the Early Childhood Education and After School Facilities Finance Committee is the “committee” as that term is used in the State General Obligation Bond Law.

(c) The committee established by this section is composed of the Governor, the Controller, the Treasurer, the Director of Finance and the Superintendent of Public Instruction, or the designated representative of those persons, all of whom shall serve thereon without compensation, and a majority of whom shall constitute a quorum. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee. Two Members of the Senate appointed by the Senate Committee on Rules, and two Members of the Assembly, appointed by the Speaker of the Assembly, shall meet with and provide advice to the committee to the extent that the advisory participation is not incompatible with their respective positions as Members of the Legislature. The Director of Finance shall provide assistance to the committee as it may require. The Attorney General of the state is the legal advisor of the committee.

1 16827. The State Allocation Board is hereby designated as the
2 “board” for the purposes of the State General Obligation Bond
3 Law.

4 16828. Upon request of the State Allocation Board from time
5 to time, supported by a statement of apportionments and loans
6 made and to be made for the purposes of this chapter, the
7 committee shall determine whether it is necessary or desirable to
8 issue bonds authorized pursuant to this chapter in order to carry out
9 the actions specified in this chapter, including all acts amendatory
10 thereof and supplementary thereto, and, if so, the amount of bonds
11 to be issued and sold. Successive issues of bonds may be
12 authorized and sold to carry out those actions progressively, and
13 it is not necessary that all of the bonds authorized to be issued be
14 sold at any one time.

15 16829. There shall be collected each year and in the same
16 manner and at the same time as other state revenue is collected, in
17 addition to the ordinary revenues of the state, a sum in an amount
18 required to pay the principal of, and interest on, the bonds each
19 year. It is the duty of all officers charged by law with any duty in
20 regard to the collection of the revenue to do and perform each and
21 every act that is necessary to collect that additional sum.

22 16830. Notwithstanding Section 13340 of the Government
23 Code, there is hereby appropriated from the General Fund in the
24 State Treasury, for the purposes of this chapter, an amount that will
25 equal the total of the following:

26 (a) The sum annually necessary to pay the principal of, and
27 interest on, bonds issued and sold pursuant to this chapter, as the
28 principal and interest become due and payable.

29 (b) The sum necessary to carry out Section 16831, appropriated
30 without regard to fiscal years.

31 16831. For the purposes of carrying out this chapter, the
32 Director of Finance may authorize the withdrawal from the
33 General Fund of an amount or amounts not to exceed the amount
34 of the unsold bonds that have been authorized to be sold for the
35 purpose of carrying out this chapter. Any amounts withdrawn shall
36 be deposited in the fund established pursuant to Section 16802.
37 Any money made available under this section shall be returned to
38 the General Fund, with interest at the rate earned by the money in
39 the Pooled Money Investment Account during the time the money
40 was withdrawn from the General Fund pursuant to this section,

from proceeds received from the sale of bonds for the purpose of carrying out this chapter.

16832. The State Allocation Board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. The State Allocation Board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the State Allocation Board in accordance with this chapter.

16833. Any bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this chapter shall include the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds.

16834. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

16835. All money deposited in the fund established by Section 16802 that is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available

1 for transfer to the General Fund as a credit to expenditures for bond
2 interest.

3 16836. The Legislature hereby finds and declares that,
4 because the proceeds from the sale of bonds authorized by this
5 chapter are not “proceeds of taxes” as that term is used in Article
6 XIII B of the California Constitution, the disbursement of these
7 proceeds is not subject to the limitations imposed by that article.

8 16837. An amount, not to exceed 3 percent of amounts
9 deposited in the fund pursuant to this chapter, may be appropriated
10 pursuant to the annual Budget Act to the State Allocation Board
11 for the actual amount of office, personnel, and other customary and
12 usual expenses incurred in the direct administration of grant or
13 loan projects pursuant to this chapter, including, but not limited to,
14 expenses incurred by the State Allocation Board in providing
15 technical assistance to an applicant for a grant or loan under this
16 chapter, and expenses, if any, incurred pursuant to a contract for
17 administering loans pursuant to Article 2 (commencing with
18 Section 16804) of this chapter.

19 SEC. 2. (a) Section 1 of this act shall be submitted to the
20 voters at the November 2004 statewide general election in
21 accordance with the provisions of the Elections Code and the
22 Government Code governing submission of statewide measures to
23 voters.

24 (b) Section 1 of this act shall take effect only upon the adoption
25 by the voters of the Early Childhood Education Center and After
26 School Facilities Bond Act of 2003, as set forth in Section 1 of this
27 act.

28 SEC. 3. (a) Notwithstanding any other provision of law, all
29 ballots of the election shall have printed thereon and in a square
30 thereof, the words: “Early Childhood Education Center and After
31 School Facilities Bond Act of 2003” and in the same square under
32 those words, the following in 8-point type: “This act provides for
33 a bond issue in an amount not to exceed a total of five billion
34 dollars (\$5,000,000,000) to provide funds for grants and loans for
35 the construction and modernization of early childhood education
36 and after school facilities and related costs in order to expand
37 access to early childhood education and after school programs for
38 all residents of California.” Opposite the square, there shall be left
39 spaces in which the voters may place a cross in the manner required
40 by law to indicate whether they vote for or against the act.



1 (b) If the voting in the election is done by a means of voting
2 machines used pursuant to law in the manner that carries out the
3 intent of this section, the use of the voting machines and the
4 expression of the voters, choice by means thereof are in
5 compliance with this section.

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